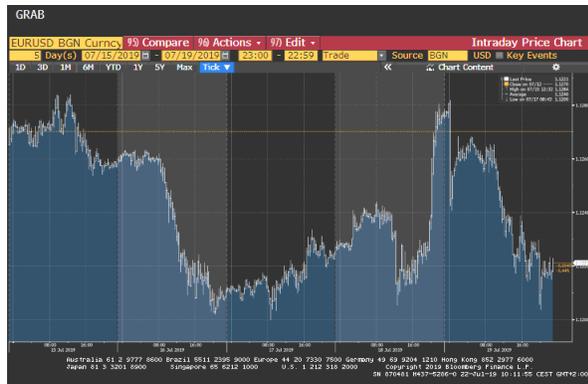


FX NEWS

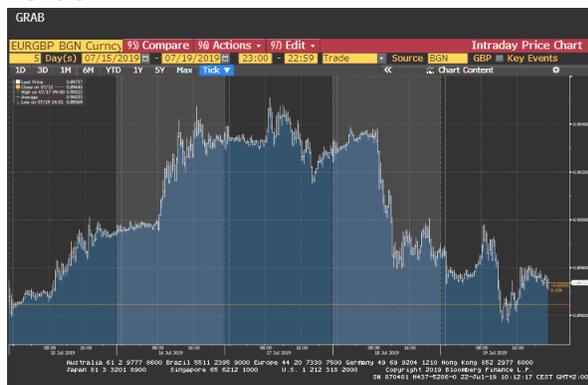
EUR/USD



Source: Bloomberg LP

During the first two days, the **USD** appreciated relative to EUR, even though the investors continued speculating whether Fed would announce interest rate decrease later in the month and due to good data on retail trade in the USA. The statement of the Secretary of the US Department of Treasury, that he will visit China together with the United States Trade Negotiator Robert Lighthizer to continue negotiations, resulted in the USD rise. On Wednesday, the EUR/USD exchange rate recovered following the expectations that the Fed would decrease interest rate by 25 base points, which limited this rate's growth from the day before. The encouraging data on inflation in the euro area also supported euro on that day. The week ended with the appreciation of USD after the announcement of unfavourable data on producer prices in Germany and forecasts that the ECB would decrease its interest rate on July meeting.

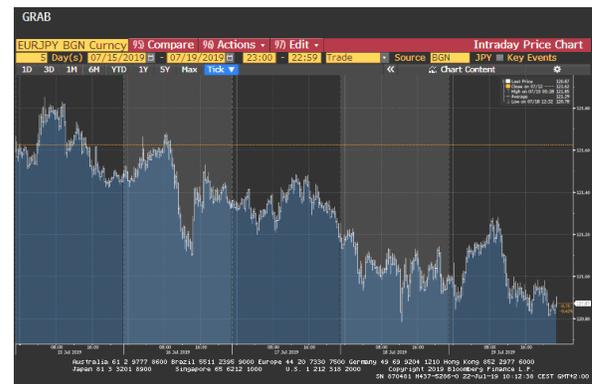
EUR/GBP



Source: Bloomberg LP

The **EUR/GBP exchange rate** had a growing trend in the beginning of the week after the investors were still facing the replacement of Prime Minister May which should occur in August leading to Brexit without prior agreement. In the middle of the week, this rate started to depreciate after the House of Lords supported the action aggravating the Brexit without previous agreement, and later due to encouraging data on retail trade in the UK. Moreover, the main Brexit negotiator said that the UK was ready to work on alternative arrangements concerning the Irish border, resulting in the UK's currency appreciation. At the week-end, the euro was no longer attractive for investors thus, as the long-expected meeting of the ECB was coming, the exchange rate depreciated.

EUR/JPY



Source: Bloomberg LP

This week, the **EUR/JPY exchange rate** was on a downtrend due to increased demand for safer funds, mostly due to expectations that the FED and ECB would start decreasing their interest rates, and due to increased tensions in the Persian Gulf.

Table 1 - Exchange rates of the most important currencies

	15 July 2019 ¹	19 July 2019 ²	% Change
EUR/USD	1.1270	1.12210	0.435
EUR/GBP	0.89645	0.89744	-0.110
EUR/JPY	121.620	120.860	0.625
EUR/AUD	1.60512	1.59380	0.705
EUR/CHF	1.10920	1.10206	0.644
USD/JPY	107.910	107.710	0.185
GBP/USD	1.25720	1.25020	0.435

Table 2 - Overview of the reference interest rates of the leading central banks

Central Bank	Reference interest rate	Reference interest rate level	Next meeting
European Central Bank	ECB Main Refinancing Rate	0.00%	25 July 2019
Federal Reserves	Federal Funds Target Rate	2.50%	31 July 2019
Bank of Japan	Overnight Call Rate	-0.10%	30 July 2019
Bank of England	Official Bank Rate	0.75%	1 August 2019
Swiss National Bank	Libor Target Rate	-0.75%	19 September 2019
Bank of Canada	Target Overnight Rate	1.75%	4 March 2019
Reserve Bank of Australia	Cash Rate Target	1.25%	6 August 2019

Table 3 - Eonia and Euribor

	15 July 2019 ¹	19 July 2019 ²	Change in basis points
Eonia	-0.366	-0.369	-0.30
Euribor 1W	-0.399	-0.400	-0.10
Euribor 1M	-0.393	-0.403	-1.00
Euribor 3M	-0.363	-0.375	-1.20
Euribor 6M	-0.342	-0.354	-1.20
Euribor 12M	-0.280	-0.308	-2.80

¹Opening market value on Monday

²Closing market value on Friday

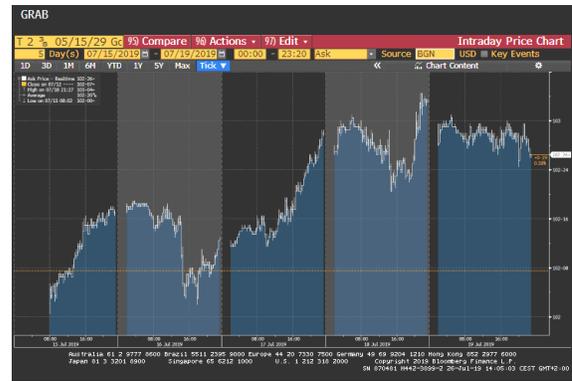
EUROPEAN GOVERNMENT BONDS MARKET



Source: Bloomberg LP

Yields on German government bonds lowered during the whole reporting period. The yields declined awaiting the meetings of the ECB and FED and the expectations that these central banks would announce additional incentive measures. During the whole week, these expectations dragged the yields downwards, resulting in the yields on 10-year German bonds decline from -0.23% to -0.32%.

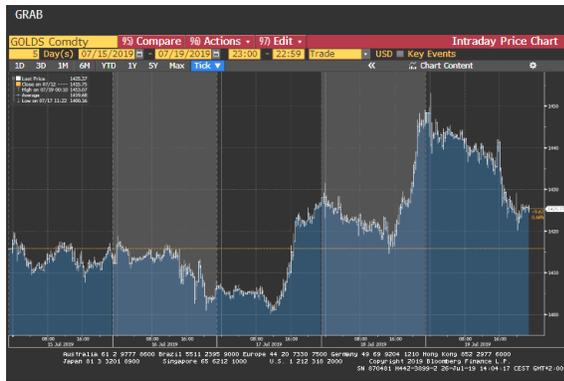
US GOVERNMENT BONDS MARKET



Source: Bloomberg LP

The yields on US bonds had a mild growing trend in the beginning of the week, to start depreciating from the middle of the week. This growth was the result of announced data on June growth in US retail trade of 0.4%. Yields were declining as the week progressed and due to concern that the trade negotiations between the USA and China would prolong. Moreover, the statement of the NY FED's Chair that this central bank needs to "act quickly" as economic growth slows contributed to the yields decline. At the same time, the expectations that the FED would decrease interest rate also resulted in the additional decline at the week-end. This week, the US 10-year bond yields declined from 2.14% to 2.05%.

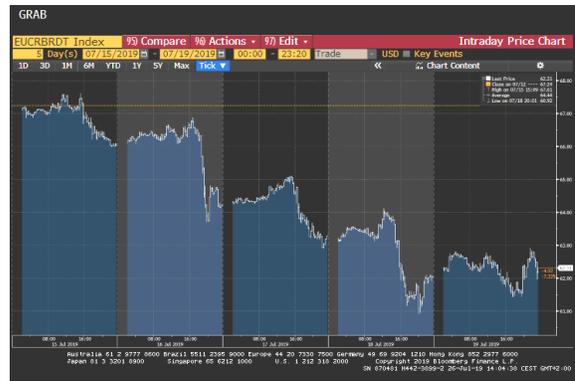
GOLD



Source: Bloomberg LP

The price of gold was stable until the middle of the week when it started to grow and after publishing unfavourable data from the US real estate market. The price grew until the end of the week, following the statement of NY Fed's Chair that this central bank needs to "act quickly" as economic growth slows. On the last date, the price of gold recorded a mild decline.

OIL



Source: Bloomberg LP

The price of oil was on a constant decline during this reporting week. The decline was the result of Donald Trump's threats of introducing new tariffs to China early this week. Moreover, the announcement of data that stocks of oil and other fuels increased in the USA during the previous week resulted in an additional price decline. To wit, the US API institute report showed a decline in oil stocks by some 9.25 million barrels. At the weekend, the prices stopped dropping after Iranian troops attacked the British oil tanker in the Strait of Hormuz.

Table 4 - Economic indicators (15 - 19 July 2019)

Country	Indicator	Period	Expected value	Current value	Previous value
Germany	Producer price index (PPI) Assesses the average change in prices of certain manufacturers at all stages of production, but does not include imported goods, services and taxes. The index is seen as an indicator of future inflation.	June MoM% (YoY%)	-0.1% 1.5%	-0.4% (1.2%)	-0.1% 1.9%
Euro Area	Consumer price index (CPI) Estimates the changes in the cost of living, by measuring changes in the price level of market basket of consumer goods and services purchased by an average household, therefore representing the key inflation measure in the Euro area.	June MoM% (YoY%)	0.1% (1.2%)	0.2% 1.3%	0.1% (1.2%)
Great Britain	Retail Sales Measures changes in retail trade in Italy.	June MoM% (YoY%)	-0.2% (2.6%)	0.9% 3.6%	-0.3% 2.2%
USA	Initial Jobless Claims Measures the number of people receiving unemployment allowances. Retail Sales Measures changes in the Euro area retail trade. Industrial output Measures the changes in the output volume of the production, service and mining sectors.	6 July K=1.000 June MoM% June MoM%	216 K 0.1% 0.1%	216 K 0.4% 0.0%	209 K 0.5% 0.4%
Japan	Imports Japan's demand for foreign products. The value of exports and imports is an important input in the calculations of the trade balance, current account and GDP. Exports Products and services produced in Japan, sold or pending for sale outside of Japan.	June MoM% June MoM%	-0.2% -5.4%	-5.2% -6.7%	-1.5% -7.8%

Source: Bloomberg